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**INFORMATION REPORT**

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- On 2 November 1954, the East German Special Vehicle Trade Commission, formed to advise the responsible ministry on the problems of vehicle production, met in Dresden to discuss the production of passenger vehicles during the next Five-Year-Plan. It was decided that arrangements must be made for the building of three types of passenger cars. These cars are:
  - Type P 50: a small car with 18 hp., 500 ccs. capacity and an air-cooled engine. The car has a plastic body with two fixed seats and two jump seats. The cost of production, excluding tax, is approximately 4,500 DME. The development of this car has already been completed; five prototypes have been built. Production is to take place in the Audi plant in Zwickau and it is expected that 500 cars will be built during 1955. Full scale production, however, is not to begin until mid-1956. The total capital required for investment in the production of this car is approximately 12 to 15,000,000 DME.
  - Type F 9: a medium car which has already been built but is to be improved by the installation of a high-powered engine and the alteration of the body model to a pontoon shape (Ponton-Form(sic.)). The production plans are the same as for the Type P 50 but to be handled by EMW, Eisenach.
  - Type 240: a heavy car approximately 80 hp., capacity 2,400 ccs. with a sheet steel body. The cost of production is approximately 14,000 DME. This car is to be built in the Horch works in Zwickau. The production of 500 cars is to commence in 1955 and general production in mid-1956. One model has already been built. The cost of investment for the production of this car is between 25 and 30,000,000 DME.
- In addition to these cars, initial production of the cross-country P2M and the amphibian P2S is to begin in the motor works in Karl-Marx-Stadt. Initial production will be 200 of these (of which only 24 are P2S) in 1955; general production of 1,000 (proportions of P2M's to P2S's not given) will be started in 1956.

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3. It was also decided that the Horch truck H3A production must be greatly increased otherwise East German stocks will gradually disappear. The total number of trucks held in East Germany during the summer of 1954 was approximately 109,000 of which 85% were more than 15 years old; the remainder is postwar product. This increased production of the H3A is to take place in Zwickau or in Werdau, approximately 9 kms. from Zwickau. Production of G5 and H6 trucks is to be increased. To implement this increased production, between 4,000 and 5,000 manual workers will be required, of which only a maximum of 700 youths can be provided from Bezirk Zwickau.
4. It was decided that the accumulation of between 60% and 70% of the entire East German vehicle industry in the Zwickau area was not sound from a military standpoint and that production of the H3A truck should be moved to Waggonfabrik Immendorf, near Halle (formerly the Lindner works).
5. The problems of producing spare parts for the vehicles were discussed at great length. It was estimated that there is an immediate need for spare parts to the value of 150-180,000,000 DME. The suggestion that a new factory be built for the manufacture of such spare parts had to be withdrawn because of the high amount of capital required to build a factory and the lack of technicians required to man it. However, the problem of producing spare parts must be solved as the supply is insufficient for the home market and, in addition, the lack of these spare parts is affecting export trade. Those factories producing essential accessories for the vehicles such as electrical equipment, etc., are falling behind in production. The main gear producing factory in Liebertwolkwitz is already overloaded. The production of thin-walled castings is done by only two or three firms which are able to produce only about 60% of requirements; the foundry capacity is insufficient because of a great lack of presses and rolling capacity.

Comment: Presumably engine blocks.

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